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TO RUEHC/SECSTATE WASHDC PRIORITY 5915
INFO RUEHBO/AMEMBASSY BOGOTA PRIORITY 6922
RUEHBR/AMEMBASSY BRASILIA PRIORITY 5725
RUEHBU/AMEMBASSY BUENOS AIRES PRIORITY 1418
RUEHLP/AMEMBASSY LA PAZ PRIORITY 2285
RUEHPE/AMEMBASSY LIMA PRIORITY 0533
RUEHMU/AMEMBASSY MANAGUA PRIORITY 1428
RUEHME/AMEMBASSY MEXICO PRIORITY 3974
RUEHQT/AMEMBASSY QUITO PRIORITY 2373
RUEHSN/AMEMBASSY SAN SALVADOR PRIORITY 0993
RUEHSG/AMEMBASSY SANTIAGO PRIORITY 3724
RUEHAO/AMCONSUL CURACAO PRIORITY 0974
RUEHGL/AMCONSUL GUAYAQUIL PRIORITY 0612
RUCNDT/USMISSION USUN NEW YORK PRIORITY 0456
RHEHNSC/NSC WASHDC PRIORITY
RUMIAAA/HQ USSOUTHCOM MIAMI FL PRIORITY
RUEHUB/USINT HAVANA PRIORITY 0941
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C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 002478

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DEPT PASS TO AID/OTI RPORTER

E.O. 12958: DECL: 08/17/2016
TAGS: [PGOV](#) [PREL](#) [KDEM](#) [VE](#)
SUBJECT: SUMATE UNDER SEIGE

REF: A. CARACAS 02405

- [1](#)B. CARACAS 01997
- [1](#)C. CARACAS 00757
- [1](#)D. CARACAS 00101
- [1](#)E. CARACAS 00113
- [1](#)F. CARACAS 00461

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Classified By: ACTING POLITICAL COUNSELOR DAN LAWTON
FOR REASON 1.4 (D)

Summary

[1](#)1. (C) The National Assembly committee investigating Sumate released an August 15 report claiming Sumate committed tax evasion, fraud, foreign exchange law violations, false accounting, and treason, and called on the tax authority, foreign exchange commission, and banking officials to investigate further. The legislature also voted to request, through the Venezuelan Embassy in the United States, a record of USG support to Sumate from the U.S. Congress. This is just the latest in a series of hits, including from the opposition, that Sumate has taken lately. The BRV's efforts to throw the book at Sumate will probably scare off some international support, particularly when the conspiracy trial resumes, or other cases begin. Embassy will continue seeking ways to be helpful to Sumate, and will ensure that any efforts are carefully coordinated with Sumate and will help the cause of this valiant pro-democracy NGO. End Summary.

AN Rubber Stamps Accusations

[1](#)2. (U) On August 15, the National Assembly (AN) approved the

report from the special committee investigating Sumate's financing of the canceled opposition primary (Ref A), setting the stage for even more intense probing of the electoral NGO.

The report concluded that Sumate committed tax evasion, fraud, foreign exchange law violations, false accounting, and treason by not properly reporting domestic donations and foreign funds, including USG grants. The committee also classified Sumate as a political party, not an NGO, thus making it subject to electoral law violations for accepting foreign government funds.

¶3. (U) In addition, the committee accused Sumate of trying to evade legal responsibilities when it returned the DRL money upon notification of the legislative inquiry. Lacking the legal authority to reach the sweeping conclusions voted on, the AN undertook to forward the report to the relevant authorities: the foreign exchange commission (CADIVI), Superintendent of Banks (Sudeban), tax authority (SENIAT), and Attorney General's office for follow up action. (Note: The latter two institutions initiated their own investigations earlier this month.) The AN also voted to request through the Venezuelan Embassy in the United States, a record of USG support to Sumate from the U.S. Congress.

Sumate Increasingly Isolated

¶4. (C) The AN report is just one of a long string of hits Sumate has taken recently, a factor the BRV probably took into account in the timing of the AN investigation:

-- Opposition Primary: Sumate's push for the primary to choose a single opposition candidate elicited resentment from opposition parties, increasingly jealous of the NGO's organizational success and its international reputation.

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Leading opposition candidates slammed Sumate for its July attempt to call them on the carpet (Ref B), including Manuel Rosales, who said Sumate should leave politics to the parties. Sumate is widely believed to have been ill-prepared to stage the primary from a logistical point of view, further undercutting its credibility with the rest of the opposition.

-- Electoral Registry Audit: Earlier this year, Sumate's plans to work with Venezuela's autonomous universities to independently audit the electoral registry using DRL funds was derailed when the universities decided to seek National Electoral Council approval for the project (Ref C). When the universities' bid failed and the CNE arranged for the audit to be hijacked by BRV schools, the universities proceeded on their own. This setback, the pending NGO law, and the continued threat that the trial against the NGO's leaders for receiving NED funds in 2003 could be resumed, prompted Sumate to return the DRL money. The return of the funding has been characterized by the BRV as Sumate's admission of wrongdoing in accepting it in the first place.

-- Federal Congress of NGOs: In October 2005, Sumate announced the creation of a NGO congress, or grassroots networking organization (Refs D and E), that would discuss and present proposals for pressing social issues, such as health care and education. While Sumate leaders had told us the group was growing, Sumate Vice President Maria Corina Machado told poloffs in May that the government was beginning to intimidate members. Machado told poloffs in a chance August 10 meeting that BRV pressure had increased in recent weeks.

-- NED Trial: Although the conspiracy case against Sumate for receiving a USD 300,000 NED grant had been dormant for several months following an appeals court decision that started the process over again (Ref F), a new judge was assigned to the case in June. Sumate President Alejandro Plaz, one of the defendants, told us the judge was selecting

the lay judges (escabinos) in mid-July and the case could resume at any time.

Comment

¶5. (C) The BRV "investigation" of Sumate was a political show designed to slam Sumate and indirectly condemn its perceived backer, "the Empire." It also sent a strong, intimidating message to civil society about the BRV's ability to punish, with or without the proposed NGO law. The findings were a foregone conclusion given legislative committee leader Jose Albornoz' public statements and his petition to the Attorney General to arrest Sumate's leaders before the investigation even began. The BRV's efforts to throw the book at Sumate will probably dampen international support when the conspiracy trial resumes, or other cases begin. Embassy will continue seeking ways to be helpful to Sumate, and will ensure that any efforts are carefully coordinated with Sumate to help the cause of this courageous pro-democracy NGO.

WHITAKER